

ARTICLE APPEARED
ON PAGE C15

THE WASHINGTON POST
9 November 1981

JACK ANDERSON

Casey Dealings Warrant Some Investigating

The hazard of populating the CIA's upper levels with former campaign managers and wounded political warhorses has now been impressed upon President Reagan.

He wound up after the election with a surplus campaign manager, Big Bill Casey—an authentic curmudgeon who was given custody of the CIA as his reward. In the usual political tradition, Casey brought a few cronies.

Casey proceeded to crash around the corridors of the CIA with the delicacy of an old bull, trampling on toes, upsetting apple carts and generally breaking up the chinaware. Understandably, he aroused the hostility of some of the old-line spooks.

The point to remember is that the CIA's old hands are by definition skillful in subterranean operations. They have made their careers by "destabilizing" enemies. So it was child's play for them to exhume the skeletons in Casey's closet.

It cannot be denied, however, that Casey's background is certainly worthy of investigation. At one point, in fact, Sen. Barry Goldwater (R-Ariz.) the certifiably conservative chairman of the Senate Intelligence Commit-

tee, declared that Casey should resign as CIA director. Goldwater has since had second thoughts, but there is still room for doubt about Casey's qualifications.

Probably the strongest aroma of suspicion about Casey's activities as a Wall Street lawyer and corporate wheeler-dealer emanates from his connection with a now-defunct agribusiness firm called Multiponics Inc. The company's directors, including Casey, were sued by stockholders for concealing their knowledge of its feeble financial health while they peddled its stock to the public.

A Multiponics prospectus—approved by Casey—claimed that the company operated seven working farms with little outstanding debt. In fact, only five of the farms were operating, and each carried a heavy mortgage. Proceeds from the sale of stock went to buy a company in which a Multiponics insider had an interest, and to pay the directors for loans they had made.

Casey has claimed he was merely an innocent investor, not involved in the inner affairs of Multiponics. But Senate investigators have a two-foot stack of data that discredit the Casey's protestations of innocence.

A confidential memo prepared by one of the Senate investigators states that Casey was aware of the details of the misleading stock offering. And Casey's testimony in a bankruptcy case involving Multiponics disputes his claim. "I think the record will

show," Casey told the court, "that I had a great deal to say and a fair amount of influence in the basic decisions the directors made."

Concerning the Multiponics insistence that its directors—including Casey—were unaware that the agribusiness firm was shaky, the Senate sleuths have testimony from former Multiponics executive Vernon Bacher. He testified that when he informed Casey and the other directors that Multiponics lacked adequate equity, "it was like informing an Eskimo that it was cold—they already knew." Soon after, Multiponics defaulted on a \$1.2 million bank loan—and eventually went under to the tune of a \$3.2 million loss.

What Next? Senate investigators told my reporters John Dillon and Corky Johnson that they haven't yet come up with a "smoking gun" to nail Casey. They do have other instances of the CIA director's questionable deals. But without rock-solid evidence of misbehavior, Casey's job at the CIA is secure. He has the president's confidence, and for the time being, that is enough.

Footnote: CIA general counsel Stanley Sporkin said that the Multiponics affair was "a commercial matter" and that Casey "had no direct knowledge" that stockholders had been misled. Casey "is an honorable man and the [Senate] investigation is going to support that finding," Sporkin added.